

STATE OF ILLINOIS

SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: ILLINI BIO-ENERGY, LLC, successor )  
to ILLINI BIO-ENERGY, AN ILLINOIS COOPERATIVE ) FILE NO: 0500075  
\_\_\_\_\_)

NOTICE OF HEARING

TO THE RESPONDENT: ILLINI BIO-ENERGY, LLC, successor  
to ILLINI BIO-ENERGY,  
AN ILLINOIS AGRICUTURAL COOPERATIVE

c/o J. William Roberts  
Hinshaw & Culbertson LLP  
400 South Ninth Street, Suite 200  
Springfield, IL 62701

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington St. Suite 1220, Chicago, Illinois 60602, on the September 27, 2006 or as soon thereafter as counsel may be heard, before a duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Illini Bio-Energy, LLC in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. ILLINI Bio-Energy, LLC ("Respondent") is an Illinois registered Limited Liability Company and the successor entity to ILLINI BIO-ENERGY an ILLINOIS AGRICUTURAL COOPERATIVE now dissolved;
2. Respondent prepared an offering memorandum dated March 22, 2004 attempting to raise a minimum of eight hundred thousand dollars (\$800,000) and a maximum of 1.2 million dollars (\$1,200,000) in exchange for shares of stock in Illini Bio-Energy Coop.;

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3. Respondent prepared an offering memorandum dated December 27, 2004 attempting to raise a minimum of thirty million dollars (\$30,000,000) and a maximum of \$55,000,000 dollars in exchange for shares of stock in Illini Bio-Energy Coop.;
4. Respondent in each of the offerings identified in paragraphs 2 and 3 above failed to disclose certain material information relating to existing, proposed, or under construction ethanol plants;
5. That the activities described in paragraphs 2 and 3 above constitutes the offer and sale of a security and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act");
6. By virtue of the foregoing, the Respondent has violated Section 12.A of the Act;

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Illinois Securities Department, is included with this Notice.

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Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

ENTERED: This 1<sup>st</sup> day of August, 2006.



Jesse White  
Secretary of State  
State of Illinois

Illinois Securities Department  
69 W. Washington  
Chicago, Illinois 60602  
Telephone: 312-793-3384